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ABSTRACT

The federal role in postsecondary education since 1787 is traced. Attention is directed to the types of indirect federal support toward postsecondary education until the first Higher Education Act of 1965, and the kinds of national priorities served by the current federal role in postsecondary education. Future projections and the implications of selecting various types of direct and indirect support roles are also addressed. Although the federal role in postsecondary education has changed since 1787, it still has certain characteristics: the federal role is supplemental to the state role, and federal policy is concerned with support of education in order to meet national priorities. Historically the federal role has been: to provide for the sale of public lands for educational purposes; the support of agricultural training and research; support of military personnel to meet the needs of national security; to maintain enrollments, particularly in certain fields to meet national security needs; to support research in the national interest; and to provide equal educational opportunity. The current debate about the federal role concerns the amount of support to individuals, the responsibility of the states for support, and the responsibilities of parents. (SW)

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THE FEDERAL ROLE IN POSTSECONDARY EDUCATION

by

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Prepared for the National Commission on Student Financial Assistance

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Executive Summary

This paper traces the federal role in higher and later postsecondary education from 1787 to the present time. It focusses on the types of indirect federal support toward postsecondary education until the first Higher Education Act of 1965, and the kinds of national priorities served by the current federal role in postsecondary education. The final section of the papter focusses on projections for the future and the implications of selecting various types of federal roles -- direct and indirect -- on the future of our nation.

THE FEDERAL ROLE IN POSTSECONDARY EDUCATION

The federal government has had a long history of interest and involvement in higher education, but until 1965 with the enactment of the first Higher Education Act, it had no specific policy or role in relation to higher education. And, in fact, many analysts would say that the Higher Education Act of 1965 was not created to formalize a federal role toward higher education per se, but rather to meet other national priorities.

Since the founding fathers debated whether to give the federal government the responsibility for founding a national university in the Consitution and finally discarded it, the role of the federal government in higher education has been a topic for debate. The first six presidents of the U. S. favored the founding of a national university, and several bills were sent to Congress, but never passed.[1] Interest in a national university waxed and waned up to the 1930's, but never came to fruition. In fact, the only national universities that were ever formed were the military service academies, starting with the founding of West Point in 1802 and culminating in the founding of the Air Force Academy in 1955. However, when the Military Academy at West Point and the Naval Academy at Annapolis were founded, they were little more than secondary schools, and it wasn't until the twentieth centry that they were able to achieve accreditation for doing work of college grade.[2] Even the founding of the early military academies were debated, and legislation was only passed because these academies were started to train military officers, thus serving the federal responsibility of providing defense for the nation.

When the Constitution of the U.S. was written, responsibilities not granted to the federal government became those of the states -- one of

those responsibilities was for education. In fact, until 1965, the federal government played no specific role in higher education, but influenced the growth of higher education through its growing responsibilities in other areas.

The primary federal role toward higher education was indirect, focussing on specific issues of national defense and security, agricultural development, and social welfare issues, including unemployment. Many of these activities were interpreted as the responsibility of the federal government under the "general welfare" provision of the Constitution. In most cases, higher education and later postsecondary education were the instruments, but not the fundamental purpose, of federal policy.[3]

The first major grants in higher education came from the sale and distribution of federal lands in the territories. It started with the Northwest Ordinance in 1787 endowing public lands for public institutions of higher learning. In 1802, the Ohio Enabling Act established provisions of lands for higher education to new states. However, it was not until 1862 that a new form of federal financing came into being. This was legislation designed to improve training in the agricultural and mechanical arts -- the first Morrill Act of 1862. In this Act and in legislation which followed, the federal government used grants of money (categorical aid) to stimulate certain types of education to serve the national interest.

In the first case, grants-in-aid were given for agricultural training, agricultural research, and agricultural extension. Through various pieces of legislation, starting with the first Morrill Act (1862), then the Hatch Act (1887), the second Morrill Act (1890), the Smith-Lever Act (1914) and the Bankhead-Jones Act (1935). (See Chart 1)

It was through this series of legislation that the federal government focussed on agriculture (its development) and nutrituion (home economics)

CHART 1

FEDERAL PROGRAMS FOR HIGHER EDUCATION AND RELATED ACTIVITIES: 1787–1980

1787 Commencement of endowment of public institutions of higher education with public lands—Northwest Ordinance: "Schools and the means of education shall forever be encouraged."

1802 *Ohio Enabling Act*—established the provision of land grants and land scrip to new states under the statehood acts.

1802 Establishment of the first federal institution of higher education—U.S. Military Academy at West Point.

1862 The *First Morrill Act*—initiated federal policy of aid to states for agricultural and industrial education through land grants for colleges.

1867 Federal Department of Education established by Congress; later the Office of Education.

1887 *Hatch Act*—encouraged scientific investigation in agriculture.

1890 The *Second Morrill Act*—introduction of federal grants of money for college instruction in specified areas of learning.

1914 *Smith-Lever Act*—matching of funds for agricultural and home economics instruction through Agricultural Extension Service.

1935 National Youth Administration—employment for college students.

1935 *Bankhead-Jones Act*—increased support for land grant colleges.

1937 *National Cancer Institute Act*—provided fellowship grants.

1964 *Economic Opportunity Act of 1964* (P.L. 88-452)—war on poverty through retraining and remedial education and other opportunities; college work-study program.

1964 *Amendments to National Defense Education Act*—extended and expanded to include areas of English, reading, history, and geography.

1965 National Foundation for the Arts and Humanities (P.L. 89-209)—foundation to support humanities and the arts through grants.

1965 *Higher Education Act of 1965* (P.L. 89-329)—aid to colleges, students, and teachers.

1966 *International Education Act* (P.L. 89-698)—to provide a strengthening of American educational resources for international studies and research.

1967 *Education Professions Development Act* (P.L. 90-35)—to coordinate, broaden and strengthen programs for the training and the improvement of educational personnel.

1968 *Higher Education Amendments of 1968* (P.L. 90-575)—extended and improved four major education acts and authorized six new programs.

1971 *Comprehensive Health Manpower Training Act of 1971* (P.L. 92-257)—amended Title VII of the *Public Health Service Act*. Increased and expanded

1944 *The Serviceman's Readjustment Act*—*GI Bill*, educational aid for veterans.

1950 *The National Science Foundation Act*—promoted progress in science through scholarships and fellowships in fields of science.

1950 *The Housing Act*—low interest rates for loans to institutions of higher learning for building of housing facilities.

1952 National Science Foundation—fellowship program.

1954 *Cooperative Research Act*—authorized the Office of Education to conduct cooperative research with colleges, universities, and state educational agencies.

1958 *The National Defense Education Act* (P.L. 85-864)—provided for graduate fellowships in science, mathematics, foreign languages, counseling and guidance, educational technology.

1963 *Health Professions Educational Assistance Act* (P.L. 88-129)—construction of facilities and student loans.

1963 *Higher Education Facilities Act of 1963* (P.L. 88-204)—grants to all colleges, public and private, for improvement of facilities.

1964 *The Civil Rights Act of 1964* (P.L. 88-452)—desegregation of the schools enforced and assisted.

provisions for health manpower training and training facilities.

1972 *Education Amendments of 1972* (P.L. 92-318)—established a National Institute of Education. Federal matching grants for state student incentive grants; the National Commission on Financing Postsecondary Education; State Advisory Councils on Community Colleges; a Bureau of Occupational and Adult Education and state grants for the design, establishment, and conduct of postsecondary occupational education; and the bureau-level Office of Indian Education. Amended current Office of Education programs to increase their effectiveness and better meet special needs. Prohibited sex bias in admissions.

1975 *Harry S. Truman Memorial Scholarship Act* (P.L. 93-642)—scholarships promoting public service education.

1976 *Education Amendments of 1976* (P.L. 94-482)—reauthorized and amended major higher education legislation.

1979 *Department of Education Organization Act* (P.L. 96-88)—established the Department of Education.

1980 *Education Amendments of 1980* (P.L. 96-347)—reauthorized and amended major higher education legislation.

SOURCE: Sidney Tiedt, "Historical Development of Federal Aid Programs," in Roe L. Johns, Kern Alexander, and Dewey Stollar, eds., *Status and Impact of Educational Finance Programs, National Educational Finance Project, Volume IV*, Gainsville, FL, National Education Finance Project, 1971, pp. 238-240; and US Department of Health, Education, and Welfare, National Center for Education Statistics, *Digest of Education Statistics 1979*, Washington, DC, U.S. Government Printing Office, 1979, pp. 157-162.

FROM: *Advisory Commission on Intergovernmental Relations, The Federal Role in the Federal System: The Dynamics of Growth (Washington, D.C.: ACIR, May, 1981) pp. 2-3.*

by stimulating and supporting the development of certain cirricula. It further tied legislation in land gran colleges to further other national interests (1) national defense by requiring military training at all land-grant colleges, and, (2) by supporting certain types of educational activities.[4]

Other than the provision of public lands and growing appropriations for land-grant colleges, agricultural research and extension courses, the primary federal involvement in education until World War II was through its concerns with national defense. It started with stipulations for provisions for military training at institutions supported through the provisions of the Morrill Act.[5]

These training activities were formalized in the National Defense Act of 1920 which established a Reserve Officers Training Corps (R.O.T.C.) at schools, colleges, and universities, which in addition to similar corps of other military branches were responsible for the training of hundreds of thousands of officers before, during and after World War II.[5]

Then during World War I, in other to avoid further drops in college enrollment in technical and medical education, colloge deferments were established. This grew into the "Student Army Training Corps" where officers maintained their education at colleges until drafted. These policies continued in World War II, and special contracts with hundreds of colleges and universities (both public and private) were made by setting up agreements with the Army and Navy for specialized training programs. Concurrent with training programs came a federal interest in research and development which accounted for a growing federal influence at colleges and universities across the country.[6]

One new expansion of the federal involvement in higher education grew out of the Great Depression, and this was a program of payments to

individuals to assist them to remain in college. With the growth of social legislation during the New Deal era, the National Youth Administration program perhaps has gone unnoticed, but it provided a model for further federal involvement in education that provides the core model for student aid payments today.

As America moved from an agrarian to an industrial economy, the federal government moved into more programs designed to serve people's welfard. And the National Youth Administration was but one of these programs where the federal government moved into programs where payments were made to individuals. The purpose of this program was to provide work-employment assistance to students at colleges and universities during a period of national emergency. But a new precedent was set -- rather than grants-in-aid for specific programs to payments to individuals.[7] From 1936 to 1943, $93,000,000 was spent on 620,000 students in colleges and universities. The money was dispersed through colleges and universities back to students, and then returned to the institutions by students to pay for college expenses, much the same as the major disbursements for the Basic Educational Opportunity Grants are made currently.[8] At the time this program was passed, again its function was not to support higher education, but to serve other national purposes.

In fact, the next major lesgilation to serve individuals, the Service Man's Readjustment Act of 1944, the G.I. Bill, although as responsible as the Morrill Act for changing the terrain of postsecondary education also was not enacted as higher education legislation. This bill had assisted 3.5 million servicemen to gain some form of postsecondary education by 1960,[9] but its relation to education was incidental. The primary purposes of this bill were the national economy and national defense. The major purpose of th

act was to help the economy adjust to the influx of veterans returning from the war and to thank veterans for their service. Although other G.I. Bills have been passed since 1944, they have not been as comprehensive as this original legislation.

One of the outgrowths of the G.I. Bill was the provision for loans to construct college dormitories under the Housing Act of 1950. By 1955, the interest on these loans became federally subsidized, but these construction loans were made to facilitate the housing of students because of the massive enrollment increases of G.I.'s after Wrold War II. Several bill for construction of classroom and instruction facilities at colleges and universities did not pass during the 1950's because many members of Congress were opposed to direct aid for higher education.[10]

During this same period, the federal government became heavily involved in funding research at universities. Because of the need for military research during World War II, the federal government increased its investment in R & D activities primarily at colleges and universities. Again the purpose for research was in the interest of national security, not to strengthen the nation's colleges and universities.

Before World War II, the federal government supported research in agriculture and some health programs which accounted for 15 percent of the national research investment at universities. With massive federal investments of approximately $3 billion during World War II, especially in military research, this accounted for 80 percent of the nation's R & D investment.[11]

Following the war, the federal government continued to invest in basic research, particularly in the sceinces. Several institutes were

created, such as the National Institutes of Health and the National Science Foundation, to move the emphasis from military and defense related areas to an emphasis on basic research. By 1960, the federal government still funded about 60 percent of the nations's research and development. However, about two third's of the research and development activities at colleges and universities came from federal funding which had reached $750 million.[12] By 1979, the ration of federal support of research at colleges and universities remained about the same in that year, but the bill was approximately $3.6 billion. R & D slowed down from 1968 to 1974, and then grew slowly throughout the rest of the decade, growing at an average of four percent annual growth throughout the 1970's.[13]

Although research and development activities were funded to meet national priorities in various areas and not to provide direct support to collges and universities, with two-thirds of the research activities at the nation's universities ccming from federal funding, many universities have become dependent, particularly in medicine and the sciences. Observers of the federal scene agree that such federal investments have affected whole areas of scientific inquiry as well as "the balance of power and resources within institutions of higher learning." [14]

It was not until the end of the 1950's that the federal government started to become interested in education itself. During the 1940's there was a growing interest in expanding the federal role to education itself that was caused by the growing costs of educatio and the increased enrollment of G.I.'s. Furthermore, by this time elementary and secondary education had been accepted as a right for all citizens. By 1950, 50 percent of students entering high school were graduating, and larger numbers of students wanted a postsecondary education. In 1946, in response to these concerns, President Harry S. Truman appointed a commission, chaired by George F. Zook, president

of the American Council on Education. The Commission's report published in 1947, Higher Education for American Democracy, stated that every American ought to be permitted to pursue a postsecondary education up to his capacity. The Commission recommended that enrollment in higher education should be doubled by 1960. It was this Commission that recommended the expansion of the public community college system to provide universal assessibility to higher education. They also recommended federally funded college scholarship programs and federal aid for the construction of facilities.[15]

The Commission's report caused much discussion and controversy -- particularly in the areas of public versus private institutions, denominational colleges and racially segregated colleges. Nothing was done with the report for several years. Again in the 1950's the idea of federal aid to education attained prominence. In 1956, President Eisenhower appointed a Committee on Education Beyond High School whose recommendations were not as far reaching as the Truman Commission. In 1957, with Sputnik, higher education again became a national priority for national security reasons. This led to the passage of the National Defense Education Act in 1958 which included some of the recommendations of the Eisenhower Committee, and set the stage for further education legislation. The National Defense Education (NDEA) Act provided low interest loans to needy students, called the National Defense Student Loan Program. This was landmark legislation because it provided aid to non-veteran students on the basis of need. It also provided for graduate fellowships in science, mathmatics and foreign languages. This legislation was followed by the Health Professions Educational Assistance Act (1963) and the Higher Education Facilities Act (1963). In 1964, in the Amendments to the Higher Education Act, more subjects were added for graduate fellow-

ships (1964), and the College Work-Study Program was started under the Economic Opportunity Act (1964). Although NDEA was passed as a temporary measure, it set the stage for federal policy in providing assistance directly to students to complete their postsecondary education, and led directly to the landmark legislation, the first Higher Education Act of 1965. Two movements were at work: the long tradition of federal grants-in-aid to higher education institutions to meet national priorities in research and national security, and with civil rights legislation, the growing realization that opportunity was unequal throughout the states. Much federal legislation throughout the 1960's was designed to redress the barriers to equality of opportunity.

Throughout this period, most education legislation was passed because of its special purpose -- that is national defense. The first bill that was not passed for "national defense reasons" was the Higher Education Facilities Act of 1963. However, through the expansion of special-purpose aid, the opportunity was provided to move toward more general purpose aid -- this time -- the goal of equal opportunity.[16]

Most observers agree that the major piece of landmark legislation in higher education took place in the Higher Education Act of 1965. President Kennedy had proposed an omnibus education package in 1963 combining a variety of categorical programs including scholarships for undergraduates, a work-study program and aid to libraries. However, these programs were separated by Congress, and some were passed as separate pieces of legislations. It was not until the Johnson administration proposed a combination of separately legislated programs, including some additional programs, that the first higher education omnibus legislation was passed.

"The basic legislative charter of higher education policy is the Higher Education Acto of 1965. The 1965 act is clearly distinguished by the breadth of the programs it initiated and by the size of the federal commitment it represents."[17] When the act was passed, its centerpiece was grants to students with exceptional financial need called Educational Opportunity Grants, "the first scholarships for undergraduates." All in all, the programs consolidated including the National Direct Student Loan, the College Work-Study Loan, teacher fellowships, library grants, the Title III program for developing institutions, and several others truly "represented a milestone in the history of American higher education."[18] The total of eight titles authorized federal appropriations to higher education institutions and students of $840 million.[19]

Following the tradition set by the National Youth Service and the G.I. Bill, the Higher Education Act put into place a series of student assistance programs that were to become the focus of continuing federal policy throughout the 1970's. National priorities during this period focussed on providing equal opportunities to citizens who experienced disadvantages because of race, disability or low-income. A national priority was to provide opportunity for all citizens to participate fully in national life.

The 1972 Amendments to the Higher Education Act of 1965 was another turning point in terms of federal grants-in-aid to education. The debate focussed on whether to give aid to institutions or students, and Congress clearly decided that the clear federal role was to provide need-based student assistance programs for students to attend postsecondary institutions of their choice. The major piece of legislation in that Act was to create the Basic Educational Opportunity Grants. Although most of

the categorical aid programs for institutions were kept in the amendments, Congress decided in its debates that institutional finances were primarily the responsibilities of the states. The federal responsibility was to support equal opportunity of all its citizens.

Therefore, the creation of the Basic Educational Opportunity Grants to provide base funding to low-income students in order to assure them access to postsecondary education institutions along with other grant, work and loan programs already established. Categorical programs to institutions were regarded as ways in which the federal government could "fill specified national needs". "Congress decided on a program that would help institutions only in such a way as to advance the purpose . . . of the act, equal opportunity for higher education. The responsibility for general support of institutions, it was decided, should continue to rest with this states."

Throughout the 1970's, the expansion of need-based student assistance remained the emphasis of federal legislation and federal appropriations. Three other new programs added in the 1972 Amendments deserve mention: they are the State Student Incentive Grant Program (SSIG) which provided matching federal and state funds for student assistance grants, the National Institute of Education to provide for basic and applied research in education, and the Fund for the Improvement of Postsecondary Education, to provide funds for innovation in postsecondary education.

The 1976 Amendments reaffirmed the Basic Grant and other student aid programs, and provided legislation to assure better consumer information for students.

In 1978, another major piece of postsecondary education legislation was passed. In response to massive pressure to pass tuition tax credits for middle-

income families, Congress passed at the directive of President Carter, the Middle Income Student Assistance Act, which expanded eligibility of middle-income families to the Basic Educational Opportunity Program and significantly expanded its funding. It also lifted all income requirements from the Guaranteed Student Loan Program, and opened access to this program for all students regardless of need.

The 1980 Amendments to the Higher Education Act continued the expansion of federal student assistance to assure access to postsecondary education. The Middle Income Student Assistance legislation was reaffirmed, a parent loan program was added, and the Basic Grant Program (renamed Pell Grants after Senator Claiborne Pell of Rhode Island) was expanded. For the first time since 1972, the stipulation that the Pell grant could only fund up to half the cost of attendance was changed to increase the appropriations of Pell Grants and other grant, work, and loan programs to the point that the Pell Grants could cover up to 70 percent of the cost of postsecondary education.

During the consideration of the 1980 Amendments, inflation was increasing, and the cost of the GSL program was rising precipitously because of interest payments to lenders. In order to address the issues of federal student aid and its increasing costs, the National Commission on Student Financial Assistance was created into the 1980 Amendments to study various questions dealing with the balance among various federal student assistance programs, a study of loan programs, and a study of graduate education.

When President Reagan was elected, the proposed "new federalism" called for a scaling back of the federal role in education. In terms

of higher education, this scaling back called for reversing the trends in expansion of the Pell Grant program and limiting eligibility to the Guaranteed Student Loan program by setting an income cap on eligibility. The 1981 Omnibus Reconciliation Act did call for limiting eligibility to the Pell Grant program to a smaller portion of the middle-income population, and an income eligibility of $30,000 was palced on eligibility to the GSL program. Above an income of $30,000, students would be subject to a needs test.

Further proposals from the current administration as part of its 1982 budget proposals were to cut Pell Grants by 50 percent by 1985, to eliminate most of the campus-based student assistance programs, other than College Work-Study, to eliminate the State Student Incentive Grant Program and to eliminate graduate students from the GSL program. These proposals did not pass Congress. However, the question of what is or should be the federal role in postsecondary education has been reopened for the first time since the 1972 Amendments.

From 1972 to 1980, federal outlays to students in postsecondary education increased about 128 percent (See table 1 below). The major part of this increase came from federal student assistance programs administered by the Office of Education and currently the Department of Education. Appropriations for these programs grew from $943 million in 1972 to $5.5 billion in 1980. However, the average grants to individual students only rose 50 percent during a period when the Consumer Price Index rose by 93 percent. During this same period direct expenditures to institutions decreased in real terms by 34 percent, while research and development expenditures increased in real terms by 32 percent.

While the federal goverment continued its role in research and development, and expanded its role in providing access to students to postsecondary education, the primary financing of postsecondary education still came

TABLE 1. Federal Outlays to Postsecondary Education

FY 1972, FY 1975, and FY 1980 (in millions of dollars)

Program	1972	1975	1980 (est.)	% Change 1972-1980 (Current Dollars)	% Change 1972-1980 (1972 Dollars)
DIRECT EXPENDITURES TO STUDENTS					
U.S. Department of Education student aid programs (BEOG, SEOG, SSIG, NDSL, CWS, and GSL)	$ 943	$ 1,587	$ 5,505		
Social Security education benefits	521	840	1,565		
Veterans benefits	1,436	3,479	1,757		
Other student assistance	102	65	45		
SUBTOTAL	$3,002	$ 5,971	$ 8,872	196%	50%
DIRECT EXPENDITURES TO INSTITUTIONS					
Programs for disadvantaged students and developing institutions	$ 94	$ 180	$ 261		
Occupational and vocational	132	137	226		
Military academies	208	239	326		
Special institutions	56	89	193		
Construction and facilities	265	29	131		
Health resources	456	662	370		
Scientific training programs	328	298	266		
Other institutional assistance	253	481	275		
SUBTOTAL	$1,792	$ 2,115	$ 2,048	13%	−34%
RESEARCH AND DEVELOPMENT	$1,671	$ 2,228	$ 3,827	129%	32%
TOTAL	$6,465	$10,314	$14,747	128%	18%

Note: Between 1972 and 1980, the Consumer Price Index increased 98 percent and the Higher Education Price Index, a special measure of the behavior of costs of higher education institutions developed by the National Institute of Education, increased 73 percent. In order to adjust for inflation and calculate the change in real terms, we used the CPI in the case of direct expenditures to students and tax expenditures and the Higher Education Price Index in the case of expenditures to institutions and for research and development.

NOTE: Based on data analysis derived from the *Budget of the United States Government* and the *Special Analyses of the Budget*, 1974-1980, as well as analysis by the Economic and Finance Unit, American Council on Education.

SOURCE: Lawrence E. Gladieux, Janet S. Hansen with Charles R. Byce, The Federal Government, the States, and Higher Education: Issues for the 1980's. (New York: The College Entrance Examination Board, 1981) p. 7.

from the states, mainly through their maintenance of the public system of colleges and universities (See Table 2 and Chart 2).

TABLE 2

Sources of Current Funds Revenues for Institutions of Higher Education, by Level and Control of Institution: Fiscal Years 1970 and 1980[1]

Fiscal Year and Source	Public Institutions			Private Institutions		
	Universities	Other 4-Year	2-Year	Universities	Other 4-Year	2-Year
	Amount, in Thousands					
1970						
Total	$ 8,217,088	$ 3,691,280	$1,860,257	$3,889,879	$3,646,982	$229,757
Government	5,124,060	2,397,863	1,450,929	1,383,178	538,767	14,820
Federal	1,972,220	429,174	104,938	1,263,769	475,722	12,008
State	3,133,323	1,859,481	755,903	78,249	44,496	2,175
Local	18,517	109,208	590,090	41,161	18,549	637
Private sources	258,066	49,997	7,681	357,045	427,155	29,493
Students	2,002,553	1,092,074	363,897	1,396,884	2,283,910	176,919
Tuition and fees	977,252	511,516	246,229	1,006,560	1,563,572	114,717
Auxiliary enterprises	1,025,301	580,558	171,668	390,324	720,338	62,202
Institutional[2]	832,409	151,346	33,747	732,771	397,151	8,524
1980						
Total	16,453,661	15,350,982	7,019,564	9,295,004	9,313,572	487,198
Government	9,499,608	9,707,425	5,276,763	2,769,180	1,572,486	43,234
Federal	2,597,163	1,937,059	489,259	2,514,897	1,286,817	27,648
State	6,829,560	7,520,942	3,623,339	178,223	214,869	11,366
Local	72,885	199,424	1,164,165	76,060	70,800	4,220
Private sources	634,162	314,518	30,017	776,469	1,003,782	49,127
Students	4,122,137	3,370,651	1,455,899	3,353,162	5,474,717	362,233
Tuition and fees	2,029,767	1,805,686	1,024,709	2,531,340	4,262,012	276,826
Auxiliary enterprises	2,092,370	1,564,965	431,190	821,822	1,485,705	85,407
Institutional[2]	2,197,753	1,958,388	256,886	2,396,192	1,589,587	32,606
	Percentage Distribution					
1970						
Total	100.0	100.0	100.0	100.0	100.0	100.0
Government	62.4	65.0	78.0	35.7	14.8	6.5
Federal	24.0	11.6	5.6	32.7	13.0	5.2
State	38.1	50.4	40.6	2.0	1.2	.9
Local	.2	3.0	31.7	1.1	.5	.3
Private sources	3.1	1.4	.4	9.2	11.7	12.8
Students	24.4	29.6	19.6	36.1	62.6	77.0
Tuition and fees	11.9	13.9	13.2	26.0	42.9	49.9
Auxiliary enterprises	12.5	15.7	6.5	10.1	19.8	27.1
Institutional[2]	10.1	4.1	1.8	18.9	10.9	3.7
1980						
Total	100.0	100.0	100.0	100.0	100.0	100.0
Government	57.7	63.2	75.2	29.8	15.9	8.9
Federal	15.8	12.6	7.0	27.1	13.8	5.8
State	41.5	49.0	51.6	1.9	2.2	2.3
Local	.4	1.3	16.6	.8	.7	.9
Private sources	3.9	2.0	.4	8.4	10.1	10.1
Students	25.1	22.0	20.7	36.1	58.8	74.4
Tuition and fees	12.3	11.8	14.6	27.2	43.0	56.8
Auxiliary enterprises	12.7	10.2	6.1	8.8	15.0	17.5
Institutional[2]	13.4	12.8	3.7	25.8	16.0	6.7

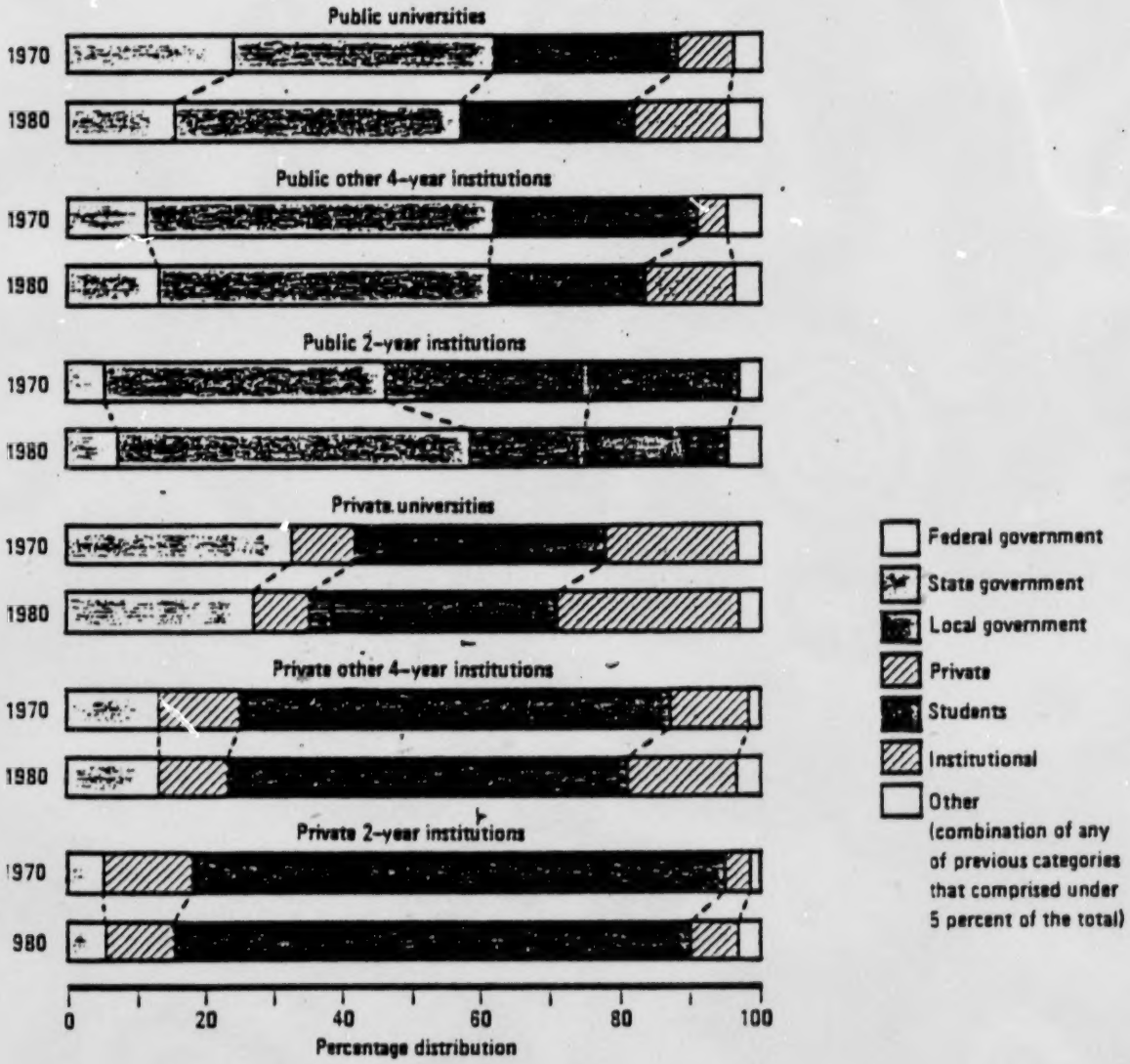
[1] Categories of current funds revenues were different in 1970 than they were in 1980. To develop comparable statistics for these two fiscal years, revenues categories were consolidated.

[2] Includes endowment income, sales and services of educational activities, sales and services of hospitals, and other sources.

Note: Details may not add to totals because of rounding.

Source: U.S. Department of Education, National Center for Education Statistics, *Financial Statistics of Institutions of Higher Education: Current Funds Revenues and Expenditures, 1969-70*, 1973, and unpublished tabulations in *The Condition of Education, 1982 Edition*, p. 148.

Distribution of Sources of Current Funds Revenues for Institutions of Higher Education



State funds were a substantial source of revenues for all public institutions, and Federal funds were more important to private universities than to any other type of institution. Students provided a larger share of the revenues for private than for public institutions.

SOURCE: *U.S. Department of Education, National Center for Education Statistics, The Condition of Education, 1982 Edition (Washington, D.C.: Government Printing Office, 1982), p.149.*

According to Gladieux and Hansen, in spite of broad federal support for students and certain types of institutions, the "developing institutions" which educate a high percentage of low-income and minority institutions, federal aid accounts for slightly more than a quarter (27%) of total public support fo higher education. States put up 65 percent and local governments another eight percent of total public support. These authors state:

> But the broad historical delineation of federal and state roles persists in the early 1980s: The states are still primarily responsible for maintaining the structure of higher education, mainly through the maintenance of systems of public colleges and universities. The federal government provides particular kinds of support to meet perceived national objectives, without distinguishing for the most part between public and nonpublic recipients of this support. The federal government purchases services (research), fills gaps (whether in college library support, foreign language and area studies, health professions development, or undergraduate science curricula), and channels the bulk of its aid directly to students rather than to institutions, with the aim of removing financial barriers facing individuals who aspire to higher education. [21]

Although the federal role in postsecondary education has evolved from the time of the founding fathers -- it still has certain characteristics: that the federal role is supplemental to the states, and that federal policy is concerned with support of education in as much as such support serves to meet national priorities. Historically the federal role has been to provide for the provision and sale of public lands for educational purposes, for the support of agricultural training and research, the support of military personnel to meet the needs of national security, to maintain enrollments, particularly in certain fields to meet national security needs, to support research in the national interes, and finally under

the rubric of the "general welfare" clause of the Constitution to provide equal opportunity to all citizens who qualify (for postsecondary education) regardless of race, income, geographic location or handicap. The primary forms of payments have been to states, then to institutions for specific programs and finally, starting with the G.I. Bill through payments to individuals.

The current debate about the federal role in postsecondary education concerns (1) the amount of support to individuals; (2) the responsibility of the states for support of postsecondary education; and, (3) the responsibilities of parents. In an era beset by economic recession, massive unemployment, a build-up of the military, the changing demography of our nation, and the transformation of our society from an industrialized nation to an information society -- the nation must rethink its national priorities and ultimately, the responsibility of the federal government in accomplishing and supporting national priorities.

The federal government will continue to play a role in postsecondary education in the 1980's, but the size of that role is currently under debate. One of the areas of that debate certainly will be the responsibility of the federal government to assure equal opportunity of all citizens to postsecondary education. The sceond part of the debate will focus on the implementation of the federal role -- that is, whether education payments to students will be the primary focus, or whether there will be a return to targetted programs to meet specific national priorities.

During the 1980's and 1980's the youth population of 18 year olds will decline from 4.1 million currently to 3.6 million in 1985 to 3.4 million in 1990. About one out of four young people in 1990 will come

from minority groups. As of 1980, almost 70 percent of the black population from 18 to 24 years old and 54 percent of the Hispanic population were graduating from high school compared to 83 percent of the white population. Of these populations, 19 percent of the black population, 16 percent of the Hispanic population and 32 percent of the white population enrolled in college.[23] Unless access to education remains a federal priority among minority populations, the nation could suffer from a serious decline in productivity in the 1990's.[24]

The decline in youth population coupled with changes in the demographic mix will lead to a sharp decrease in the growth of the labor force, from 2.5 percent annual growth in the 1970's to 1.7 percent from 1980 to 1985, to 1.2 percent from 1985 to 1990.[25] This decline in youth population may lead to increased competition among the military, the private sector and postsecondary institutions to meet increasing demands for qualified military personnel, for highly trained workers in industry, and for qualified research personnel at universities.

At the same time the adult population from 25 to 34 will increase their enrollment at postsecondary institutions, but primarily on a part-time basis. It is estimated, however, that if current federal student aid policies are cut back that the labor shortage among young college graduates could be even more serious. Such cuts could "interrupt the college experience of hundreds of thousands of students . . . The earnings of those who nonetheless managed to graduate would rise sharply, providing a gain for the students but increasing industry's wage costs."[26]

Although the nation is suffering from massive unemployment, current trends suggest that college graduates suffer the least unemployment.

The highest unemployment rates are for those who have less than a high school education (See Table 3). Investment in postsecondary education has increased national productivity and led to more stable employment, even in periods of economic recession. With massive changes and new growth needed in our national economic base for the future, one might see more investment not only in the education of youth, but in the retraining and education of older workers who are in redundant jobs. The recent contracts made by Ford and General Motors for the retraining of workers in California and Michigan suggests a major trend in this direction.

TABLE 3

Rates of Unemployment for the Civilian Labor Force 18 Years Old and Over, by Educational Attainment and Sex: Years Ending March 1965, 1970, 1975, and 1980

Educational Attainment	Percent Unemployed			
	1965	1970	1975	1980
Both sexes:				
Total	4.7	4.2	8.7	6.2
8 years or less	5.0	4.7	10.9	8.5
1 to 3 years of high school	7.4	6.2	13.6	11.3
4 years of high school	4.1	3.9	9.1	6.5
1 to 3 years of college	3.3	3.9	6.3	4.9
4 years or more of college	1.4	1.5	2.0	2.0
Males:				
Total	4.4	3.7	8.5	6.4
8 years or less	5.2	4.1	10.9	8.5
1 to 3 years of high school	6.7	5.6	13.2	10.6
4 years of high school	3.4	3.4	9.1	7.2
1 to 3 years of college	3.1	3.3	6.6	5.2
4 years or more of college	1.4	1.2	2.6	1.3
Females:				
Total	5.3	4.9	8.9	6.1
8 years or less	4.7	6.2	10.7	9.3
1 to 3 years of high school	8.6	7.4	14.1	11.2
4 years of high school	5.0	4.6	9.0	6.3
1 to 3 years of college	3.6	4.0	7.3	4.3
4 years or more of college	1.3	2.0	3.6	2.5

Source: U.S. Department of Labor, Bureau of Labor Statistics, March Current Population Surveys, 1965 to 1980, unpublished tabulations, in The Condition of Education.

The decline in the number of eighteen-year-olds also suggests more preasure from the military for recruitment of young people. If there is not a major movement to reinstall the draft, recruitment to the military probably will mean offering better education benefits. There have already been moves in this direction through substantial bonus program currently offered by the Army in order to improve on the Veteran's Education Assistance Program passed in 1976. For some servicemen, the Army willprovide over $20,000 in college benefits in teturn for three to four years of military service. Some analysts believe that the concept of the old G.I. Bill may be revived in order to maintain and attract qualified Americans to military service.[27]

Corporations also will want to attract qualified young people and will continue to expand in-service training programs as well as offering tuition benefits.

But the major question before the Congress may well be how to improve and maintain access to postsecondary education among the growing percentage of minority, low-income and otherwise disadvantaged youth of our nation. In a recent report on the state of youth in our nation, the Carnegie Council estimated that nearly half of our current youth population from ages 16 to 21 suffer from some type of disadvantage. Approximately 12 million out of 25 million in this age group are financially disadvantaged (5.0 million), socially deprived (4.5 million), personally deprived (0.8 million) or drop-outs (1.5 million).[28] Howard R. Bowen, a highly respected economist specializing in higher education made the following comments on these statistics:

"Some of these people doubtless overcome their early handicaps, just as some people who were not deprived in their youth turn out badly. But many of the deprived probably go through life with handicaps, much talent is lost to society in dependency, crime, mental illness, drug abuse, alcoholism, poor health and squalor is enormous . . . Progress toward the general advancement of our culture, including the goal of 'a nation of educated people,' depends on the amelioriation of these conditions through the conservation and development of our least advantaged people...

"...But what can higher education do? And what shoud it do?...

"The objectives of higher education would be (1) to motivate and prepare professional persons to serve effectively in institutions such as families, child care centers, schools, churches, employers, and armed services; (2) to conduct research and development relating to the youth problem, including demonstration programs and projects; (3) to conduct public service or extension programs to assist schools and other community institutions in dealing with youth problems; (4) to provide educational programs and materials useful to families, schools, neighborhood groups, child care centers, employers, and the general public; and, (5) to facilitate the admission to college of disadvantaged youth by learning to provide more effective remedial programs at both the secondary and college levels...

"These proposals hark back to the early days of agricultural training, research, and extension. The need for comparable

programs relating to youth is no less than it was a century ago for farmers. The task is enormous and progress is bound to be slow, but it is time to get started. And the universities and colleges are among its most promising vehicles."[29]

Thus we have come along way, but full circle. Because of fewer but a higher percentage of low-income youth, we have a choice.

Do we consign our nation to lower productivity by scaling back the federal commitment to access, thus consigning a significant percentage of our citizens to low-paying, low-skill jobs?

Do we move toward increased immigration to meet the needs of a highly skilled labor force in the future?

Do we continue our current federal role toward providing access to students who qualify to all forms of higher education, or do we scale down?

Do we renege on the current federal commitment to equal opportunity and return to federal programs which focus on particular federal priorities -- such as military recruitment, graduate programs in particular subjects, or retraining in certain fields?

The choice we make as a people is whether we need a nation of 'educated people' to serve our nation in the long run or whether we need certain people to meet certain specific national emergencies. This choice is the focus of the national debate over the federal role in postsecondary education for the future. The model of past federal involvement for both approaches is there. The question is: can we afford to lose any potential productive person in our society in the future? The answer to this question will provide the direction of the federal role in education, the effectiveness

and productivity of the U.S. economy, and the relationship of the U.S. economy to the world economy. It is not a simple question, nor are the possible solutions simple, but the solutions will direct our future as a people and as a nation.

NOTES

[1]John S. Brubacker and Willis Rudy. Higher Education In Transition. Revised and Enlarged Edition. (New York Harper & Row, Publishers, 1968), p. 225.

[2]Ibid., pp. 227-229.

[3]Advisory Commission on Intergovernmental Relations (ACIR), The Federal Role in the Federal System: The Dynamics of Growth (Washington, D.C.: ACIR, 1981), pp. 17-23.

[4]Brubacker and Rudy, op. cit., pp. 230-233.

[5]Ibid, pp. 231-233.

[6]Ibid, p. 232.

[7]ACIR, op. cit., p. 17.

[8]Brubacher and Rudny, op. cit., p. 235

[9]Alice Rivlin. The Role of the Federal Government in Financing Higher Education (Washington, D.C., Brookings Institution, 1961), p. 61.

[10]ACIR, op. cit., p. 14.

[11]Ibid., p. 14.

[12]Rivlin, op. cit., p. 24.

[13]National Science Foundation. Science Indicators 1980.

[14]ACIR, op. cit., p. 15.

[15]Brubacker and Rudy, op. cit., p. 241.

[16]Lawrence E. Gladiux and Thomas Wolanin. Congress and the Colleges. (Lexinton, Mass.: Lexington Books, 1976), p. 11.

[17]Thomas Wolanin and Lawrence Gladieux, "The Political Culture of a Policy Arena: Higher Education," in Matthew Holden, Jr., and Dennis 1. Dresang, eds. What Government Does. (Beverly Hills, Ca., Sage, 1975), p. 180.

[18]Brubacker and Rudy, op. cit., pp. 241-242.

[19]ACIR, op. cit., p. 23.

[20]Gladieaux and Wolanin, Congress and the Colleges, op. cit., pp. 225-226.

[21]Lawrence E. Gladieaux, Janet S. Hansen with Charles R. Byce, The Federal Government, the States, and Higher Education: Issues for the 1980's. (New York: The College Entrance Examination Board, 1981), p. 4.

[22]U.S. Department of Education, National Center for Education Statistics, Digest of Education Statistics 1981. (Washington, D.C.: Government Printing Office, 1981), p. 10.

[23]Lawrence Olson, "Dynamic Labor Shortage In the Offing" Aging and Work. (Vol. 5, No. 1: 1982), p. 16.

[24]U.S. Department of Education, National Center for Education Statistics, The Condition of Education. 1982 Edition. (Washington, D.C.: Government Priting Office, 1982), pp. 132-133.

[25]Olson, op. cit., p. 16.

[26]Ibid, p. 17.

[27]Lawrence E. Gladieaux, "The Future of Student Financial Aid" Prepared for publication in Student Financial Aid: A Handbook for Practitioners and Administrators, Robert H. Fenske and Robert P. Hoff, editors (San Francisco: Jossey Bass, forthcoming 1983),

[28]Howard R. Bowen, The State of the nation and the Agenda for Higher Education (San Francisco: Jossey-Bass Publishers, 1982), p. 144.

[29]Ibid., pp. 144-147.